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UNIDO COUNTRY DIRECTOR PROGRAMME

Progress report by the Director-General

Summary

Reports on the follow-up actions taken in response to Programme and Budget Committee conclusion 94/7.

CONTENTS

	Paragraphs	Page
Introduction	1 - 2	1
Chapter		
I. ASSESSMENT OF THE CURRENT UNIDO FIELD REPRESENTATION PROGRAMME	3 - 4	1
II. FIELD REPRESENTATION OF OTHER AGENCIES	5 - 7	2
III. UCD PROGRAMME COUNTRY SURVEYS	8 - 9	2
IV. FINANCING ISSUES	10 - 14	4
V. OTHER ISSUES	15 - 16	4
VI. ACTION REQUIRED OF THE BOARD	17	4
Annexes		
I. Countries covered in field representation of selected United Nations agencies		5
II. World Bank and IFC field offices		6

Introduction

1. In its conclusion 94/7 the Programme and Budget Committee requested the Director-General to prepare an in-depth analysis on the actual and potential impacts of the UNIDO Country Director (UCD) programme, taking into account, inter alia, the system-wide efforts to rationalize United Nations field representation and the functions of the UCDs in the context of the reform process of UNIDO. The Committee further requested the Director-General to submit this analysis and his revised proposals concerning a framework for field representation to its eleventh session, taking into account the views expressed by Member States. The Director-General was also requested to submit a progress report on the matter to the Industrial Development Board at its thirteenth session. The present document is submitted in accordance with that request.

2. In response to the above-mentioned conclusion, the following actions have been initiated so far:

(a) Review of the current financial and staff situation of UNIDO field representation;

(b) Review of the field representation of selected United Nations agencies;

(c) Assignment of a team of international consultants to undertake a survey on the UCD programme in a number of developing countries.

I. ASSESSMENT OF THE CURRENT UNIDO FIELD REPRESENTATION PROGRAMME

3. As the first and most urgent step of the in-depth analysis, UNIDO reviewed, through the Steering Committee on Field Representation (UNIDO/DG/B.179), the country coverage with a view to assessing the current financial and staff situation of the UCD offices in the light of tasks and services they are requested to perform in the future. Simultaneously, UCDs and UNIDO National Directors (UNDs) were asked to provide information on the current and prospective contribution of the local entities to the cost of UNIDO offices in their countries of assignment, to enable the Secretariat to assess the entire financial implications of the UCD programme. Based on this review, an estimation was made of the total costs for each office in 1994 broken down by source of funds, staff- and non-staff costs as well as the received

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Table 1

UNIDO field representation as of 31 August 1994

	Number	Amount (thousands of US dollars)	Percentage share
Country offices	43	-	-
Field staff			
International a/	54	-	37
Local UND and NPOs	7	-	5
Other local staff b/	86	-	58
TOTAL	147		100
Estimated cost (1994 only)			
Staff costs (excluding JPOs)	-	5 603.3	77
Non-staff costs	-	1 778.8	24
Government contributions c/	-	(76.7)	(1)
TOTAL		7 305.4	100

a/ Includes 26 UCDs, 27 JPOs and one Professional Officer.

b/ Secretaries, drivers and five national programme assistants.

c/ Received to date.

and prospective government and private sector contributions to local office costs. The analysis also covered the staff structure in each UCD office, including the number of international staff, UNDs and other local staff. Attention was also given to the assignment of Junior Professional Officers (JPOs) and their financing by specific donor countries. The results of this thorough analysis of the financial and staff structure of UNIDO field representation are summarized in table 1 above.

4. The number of staff of the offices ranges from one to a maximum of six. To date, 26 offices are headed by international UCDs, five by UNDs and two by National Programme Officers (NPOs). A total of 27 JPOs, financed by eight donor countries through United Nations Development Programme (UNDP) offices, are assigned to 23 of the offices. Fifteen JPOs are assigned to other UNDP offices (where there is no UCD office) to support UNIDO programmes in those countries.

II. FIELD REPRESENTATION OF OTHER AGENCIES

5. In order to take stock and assess the field representation programmes of other agencies, inquiries were sent to the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Bank asking for detailed information with regard to their current financial and staff structure as well as relevant policies and plans. The preliminary findings are summarized below in table 2. A more detailed review will be included in the report to the Programme and Budget Committee at its eleventh session.

6. Table 2 indicates that the United Nations agencies selected, in addition to the country offices, all maintain regional offices. These are exclusively involved in the promotion of regional programmes and cooperation. ILO also covers subregions through newly established multidisciplinary teams. Table 2 indicates further that financial and staff resources for field representation of the selected agencies are substantially larger than those of UNIDO (see table 1).

7. It also emerged that the United Nations agencies covered are responding to United Nations General Assembly resolution 47/199 and have embarked upon a process of reform towards greater decentralization. The establishment of 14 multidisciplinary teams by ILO is one example of a measure to ensure direct provision of relevant policy advice at the country level. A number of measures have been taken by UNESCO to strengthen its field representation, including a preliminary plan of action formulated in April 1994. The plan provides a framework for the decentralization of regular programme activities and programme budget allocations. FAO, with the largest field representation network in the United Nations system, has established a decentralization support unit at Headquarters. It is responsible for planning and monitoring the decentralization programmes of the organization. The World Bank is, inter alia, decentralizing project preparation activities to the field offices in order to expedite the flow of project information between headquarters and its field representations. Lists of countries covered by ILO, UNESCO and the World Bank are attached as annexes I and II. Further details on the system-wide field representation and consolidated data will be prepared upon receipt from various organizations and included in a subsequent analytical report to the policy-making organs.

III. UCD PROGRAMME COUNTRY SURVEYS

8. It was decided to carry out an analysis of specific needs for the services to be rendered by UNIDO country offices to the various entities in developing countries and to assess possible

Table 2

Field representation of selected agencies

	ILO	UNESCO	FAO	World Bank
A. Field office structure				
Regional offices	5	12 a/	5	7
Country offices	25	44 b/	100	75 c/
Liaison offices	10	3	d/	3 e/
Multidisciplinary teams	14 f/	0 a/	d/	0
Specialized institutions or centres	9	6	d/	35 g/
TOTAL	63	65	d/	120
Field staff	450	625 h/	d/	1 148
B. 1994-1995 field representation budget (In millions of US dollars)				
Total	97 i/	91	d/	83 i/
Regular budget component	93 k/	d/	d/	1/

a/ Each regional office covers one specific major sectoral focus and includes one interdisciplinary team with programme advisers or specialists from other sectors.

b/ Includes subregional offices.

c/ Includes satellite offices as well as countries with more than one office.

d/ Response pending.

e/ Headquarters missions (Paris and London) and United Nations representation (New York).

f/ Cover subregions.

g/ IFC offices.

h/ Of which 529 are employed in field offices and 96 in field projects.

i/ Does not include specialized institutes/centres. An additional allocation of $16.1 million ($14.1 million regular budget) covers support costs for regional programmes.

j/ 1994 only.

k/ Represents 96 per cent of total biennial budget for field representation.

l/ Entirely from World Bank approved budget.

modalities of their operations. For this purpose, a team of international consultants is being assigned to visit a number of selected countries in Africa, Asia and the Pacific and Latin America and the Caribbean with the following tasks:

(a) Review with representatives of relevant government and private sector entities the current and future UNIDO field representation programme, in particular in terms of possible new functions and role of UCDs in the light of structural reforms of UNIDO and changing demand patterns in developing countries;

(b) Obtain views of the relevant entities on and their expectations from the UNIDO field representation programme and their suggestions and proposals on substantive, informative, contact-creating and other services to be rendered through the future UCD programme;

(c) Assess the need and requirements for strengthening and expanding the UNIDO field presence, including the extent to which UNIDO could decentralize headquarters functions to the field;

(d) Examine prospects for and issues related to the assignment of national staff and contributions of host entities to the costs of UNIDO offices;

(e) Assess the viability and modalities for establishing offices covering several countries in the subregion and the required staffing and costs;

(f) Examine the field representation of other agencies and relevant international organizations.

9. The analysis will be carried out by one co-ordinating consultant and several regional experts who will be conversant with the problems, needs and requirements of the respective regions. The regional experts would furthermore facilitate the

contact and access of the international consultant to the key persons and institutions in their respective regions. The preliminary findings and recommendations of the team will be made available to the Programme and Budget Committee at its eleventh session.

IV. FINANCING ISSUES

10. A comparison between UNIDO and ILO field representation (two comparable specialized agencies) reveals that UNIDO, with 43 country offices, covers about 70 per cent of the geographical regions covered by the 63 ILO offices of all types. However, the total UNIDO budget from all sources for field representation amounts to only 17 per cent of the ILO budget for the 1994-1995 biennium (assuming the availability of $16.1 million for the UCD programme in 1994-1995) (cf. IDB.13/3/Add.1, table 1). The financial constraint has forced UNIDO to maintain its field presence at minimum staffing levels (i.e. at only 26 per cent of the field staff employed by ILO in all its field offices). This has unquestionably weakened the performance of UNIDO field offices and seriously affected the efficiency of delivery of UNIDO services to an increasingly diversified clientele.

11. The comparison reveals further that almost the entire budget for ILO field representation is covered under its regular budget (see table 2), whereas the regular budget component of UNIDO field representation amounts to only 23.6 per cent of the total biennial budget for the UCD programme, with UNDP sectoral support funds and the UNIDO operational budget covering the remaining 76.4 per cent. This suggests that, given the uncertain funding from operational budget resources and the likely discontinuation of UNDP sectoral support funds as of 1 January 1997, UNIDO could be left with only 23.6 per cent of current financial resources for the UCD programme unless alternative sources of funds are identified.

12. It was for these reasons that UNIDO proposed in its programme framework for field representation (ibid., para. 26), that a total of $1.9 million from anticipated under-expenditure in the 1994-1995 biennium be redeployed to the UCD programme in order to enable the Organization to fill some of the current vacant UCD posts and thereby slightly improve and strengthen the existing field staff structure. A higher regular budget allocation of $3.6 million was also proposed for the 1996-1997 biennium to offset the loss of sectoral support funding and thus maintain the current minimum level of UNIDO field presence (IDB.13/10/Add.1).

13. Although it was possible to fund the 1994 expenditures for field representation from the 1994 allocations and unspent UNDP sectoral support programme resources carried over from 1993, a substantial shortfall (in excess of $1.5 million) is expected in available UNDP funds for 1995 if the current capacity and level of expenditures are maintained. The shortfall arises because the funds available from UNDP total $2.9 million for 1995 and, unlike in 1994, there is no expectation of a carry-over of unspent funds from a prior year. In addition, the cost of maintaining UCD offices continues to rise, whereas the level of funding remains static.

14. For this reason, UNIDO intends to support the programme until the end of 1995 through the provision of regular budget resources that have become available as a result of vacancies and economy measures.

V. OTHER ISSUES

A. Ongoing work of the UNIDO Steering Committee

15. The Steering Committee is continuing its review of the following issues in order to prepare appropriate recommendations for:

(a) Modalities for the establishment and operation of a separate fund for financing field representation programme (IDB.13/3/Add.1, para. 39). It is proposed that a special fund within the Industrial Development Fund be established with a section for special-purpose contributions for specific field offices and a section for convertible pool from which UCD offices designated by the Director-General could be funded;

(b) Establishment of a technical cooperation fund for UCD offices (ibid., para. 22). The fund would enable UCD offices to respond quickly to such urgent requests as advisory or direct support services, urgent study tours within the region and programme/project formulation missions. The most appropriate fund would be the Regular Programme of Technical Cooperation;

(c) The required/desired future functions of UNIDO country offices, including the possible combination of the Investment Promotion Service and UCD functions;

(d) The scope for assignment (redeployment) of headquarters staff as UCDs (ibid., para. 30);

(e) The possibilities for increased assignments of national staff in UCD offices (ibid., para. 29);

(f) Increased assignments and integration of JPOs and Associate Experts in the UCD programme (ibid., para. 31);

(g) Review of guidelines for recruitment and performance evaluation of UCDs (ibid., para. 28) and for communication with Headquarters.

B. Future field representation programme

16. Taking into consideration existing resource constraints as well as the growing need for UNIDO services, revised proposals for the field representation programme will be prepared and submitted to the Programme and Budget Committee covering the following issues:

(a) Optimum country coverage;

(b) Staff structure (international/national);

(c) Cost estimates, including government contributions;

(d) Financial requirements and prospective sources of funds including regular budget savings, voluntary contributions;

(e) Decentralization of headquarters staff to the field offices, and related problems and possibilities;

(f) Subregional representation (viability of the concept, recommended subregions, locations, staff and financial structure).

VI. ACTION REQUIRED OF THE BOARD

17. The Board may wish to take note of the present progress report.

Annex I

COUNTRIES COVERED IN FIELD REPRESENTATION OF SELECTED UNITED NATIONS AGENCIES

International Labour Organisation

Africa

1 regional office: Côte d'Ivoire

10 country offices:

Central and West Africa: Cameroon, Nigeria, Zaire

East Africa: Ethiopia, Madagascar, United Republic of Tanzania

North Africa: Egypt

North-west Africa: Algeria, Senegal

Southern Africa: Zambia

ILO Senior Advisor in UNDP Office, Namibia.

5 multidisciplinary teams: Central and West Africa (Côte d'Ivoire), East Africa (Ethiopia), North Africa (Egypt), North-west Africa (Senegal), Southern Africa (Zimbabwe)

Latin America and the Caribbean

1 regional office: Peru

5 country offices:

Central: Costa Rica, Mexico

South: Argentina, Brazil

Caribbean: Trinidad and Tobago

4 multidisciplinary teams: Andean (Peru), Central America (Puerto Rico), Southern Cone (Chile), Caribbean (Trinidad and Tobago)

2 branch offices: Ottawa, Canada; Washington D.C., United States of America

Asia and the Pacific

1 regional office: Thailand

9 country offices:

East: China, Japan

South: Bangladesh, India, Pakistan, Sri Lanka

South-East: Fiji, Indonesia, Philippines

3 multidisciplinary teams: East Asia (Thailand), South Asia (India), South-East Asia (Philippines)

Europe

1 regional office: Located at Headquarters

1 country office: Turkey

1 multidisciplinary team: Central and Eastern Europe (Hungary)

7 liaison/branch offices: Belgium, France, Germany, Italy, Russian Federation, Spain, United Kingdom of Great Britain and Northern Ireland

Arab States

1 regional office for the Middle East: Provisionally located in Geneva

1 multidisciplinary team: Arab States (Geneva, pending return of regional office to the region)

United Nations Educational, Scientific and Cultural Organization

Africa

2 regional offices: Kenya (science and technology); Senegal (education)

10 country offices: Burkina Faso, Cameroon, Ethiopia, Mozambique, Namibia, Nigeria, United Republic of Tanzania, Zaire, Zambia, Zimbabwe

Arab States

2 regional offices: Egypt (science and technology); Lebanon (education)

5 country offices: Jordan, Kuwait, Morocco, Qatar, Tunisia

Asia and the Pacific

3 regional offices: India (science and technology for southern and central Asia); Indonesia (science and technology for South-East Asia); Thailand (principal regional office)

5 country offices: Cambodia, China, Malaysia, Pakistan, Samoa

Europe and North America

1 regional office: Italy (science and technology)

3 country offices: Canada, Romania, Russian Federation

Latin America and the Caribbean

4 regional offices: Chile (education); Cuba (culture); Uruguay (science and technology); Venezuela (higher education)

9 country offices: Argentina, Barbados, Bolivia, Brazil, Costa Rica, Equador, Jamaica, Mexico, Trinidad and Tobago

3 liaison offices: Austria, Switzerland, United States of America

Annex II

WORLD BANK (75) AND INTERNATIONAL FINANCE CORPORATION (35) FIELD OFFICES

WORLD BANK							INTERNATIONAL FINANCE CORPORATION (35) f/
AFRICA (29)	EAST ASIA (5)	SOUTH ASIA (5)	EUROPE AND CENTRAL ASIA (17)	MIDDLE EAST AND NORTH AFRICA (4)	LATIN AMERICA AND THE CARIBBEAN (11)	OTHER (4)	
Angola Benin Burkina Faso Burundi Cameroon Central African Republic Chad Congo Côte d'Ivoire Ethiopia Ghana Guinea Guinea-Bissau Kenya Madagascar Malawi Mali Mauritania Mozambique Niger Nigeria Senegal Sierra Leone a/ South Africa Togo Uganda United Republic of Tanzania e/ Zambia Zimbabwe	China Indonesia Philippines Thailand Viet Nam	Bangladesh India Nepal Pakistan Sri Lanka	Albania Belarus Bulgaria Estonia a/ Hungary Kazakhstan Kyrgyzstan Latvia Lithuania a/ Poland Republic of Moldova b/ Romania Russian Federation The former Yugoslav Republic of Macedonia b/ Turkey Ukraine Uzbekistan	Egypt Occupied territories b/ Saudi Arabia Yemen b/	Argentina Bolivia Brazil d/ Colombia Costa Rica Ecuador Jamaica Mexico Nicaragua Peru b/ Venezuela	France Japan United Kingdom United States	Argentina Australia Austria Barbados Brazil Cameroon China Costa Rica Côte d'Ivoire c/ Czech Republic Egypt France Germany Ghana Hungary India Indonesia Japan Kenya c/ Mexico Morocco Nigeria Pakistan Philippines Poland c/ Russian Federation Thailand Trinidad and Tobago Turkey United Kingdom Zimbabwe c/

a/ Liaison/satellite office.
b/ Office to be opened.
c/ Two offices in one country.
d/ Offices in Brasilia, Rio de Janeiro, Recife, Cuiaba.
e/ Offices in Dar-es-Salaam and Bukoba.
f/ This total includes all IFC field offices.